

Message Text

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44

ACTION EUR-25

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 NSC-10 SS-15

STR-08 CEA-02 L-03 H-02 PA-03 PRS-01 USIA-12 RSR-01

/168 W

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R 050850 Z APR 73

FM AMEMBASSY BERN

TO SECSTATE WASHDC 7509

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDONH

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMCONSUL ZURICH

UNCLAS BERN 1407

PASS TREASURY AND FEDERAL RESERVE

E. O. 11652: N/ A

TAGS: EFIN, SZ

SUBJECT: SWISS FOREIGN- EXCHANGE AND GOLD DEVELOPMENTS

1. IN FIRST THREE DAYS OF LOW TO MODERATE TRADING THIS
WEEK, DOLLAR HAS SHOWN A BIT MORE PRICE FLUCTUATION IN
ZURICH FOREIGN- EXCHANGE MARKET THAN DURING PREVIOUS WEEK.
SPOT DOLLAR OPENED APRIL 2 AT SF 3.2460/3.2510 AND
REACHED MID- DAY HIGH OF SF 3.2730/3.2770. FROM THIS
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HIGH POINT DOLLAR FLUCTUATED DOWNWARD DURING NEXT TWO DAYS TO CLOSE AT SF 3.2320/3.2350 ON APRIL 4. ACCORDING TO A SWISS COMMERCIAL BANK SOURCE, THE WEAKENING OF THE DOLLAR WAS DUE TO DOLLAR SALES BY U. S. AND GERMAN COMMERCIAL BANKS. GERMAN BANKS REPORTEDLY SELLING DOLLARS FOR MARKS TO EASE TIGHT LIQUIDITY SITUATION IN GERMANY.

2. DISCOUNTS ON FORWARD DOLLARS ON APRIL 2 AND 3 WERE VERY SIMILAR TO ANNUALIZED RATES AT END OF PREVIOUS WEEK. A CURIOUS ANOMALY OCCURRED ON APRIL 4, HOWEVER, WHEN THE RATE FOR TWO MONTH MATURITIES WAS ACTUALLY HIGHER THAN FOR ONE MONTH. THE APRIL 4 RATES WERE 5.4 PERCENT, 5.7 PERCENT, 5.1 PERCENT, AND 4.3 PERCENT FOR CONTRACTS OF ONE-, TWO-, THREE-, AND SIX- MONTH MATURITIES. THE ONLY EXPLANATION THAT SOURCES IN THE SWISS NATIONAL BANK AND A MAJOR ZURICH COMMERCIAL BANK COULD PROVIDE WAS THAT THE ODD RATE STRUCTURE WAS DUE TO " TECHNICAL REASONS" AND WOULD PROBABLY BE BACK TO NORMAL BY APRIL 5.

3. TRADING ON ZURICH GOLD MARKET HAS REMAINED QUIET WITH LOW VOLUME AND RELATIVELY STABLE PRICES⁹ GOLD OPENED AT \$89.50/90.50 ON APRIL 2, HIT LOW OF \$88.75/89.75 AT OPENING APRIL 3, AND CLOSED AT \$90.00/90.75 ON APRIL 4.
DAVIS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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Disposition Event:
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Disposition Remarks:
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EO Systematic Review
30 JUN 2005

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TAGS: EFIN, SZ
To: BONN
BRUSSELS
EUR
LONDON
LUXEMBOURG
PARIS
ROME

SECSTATE WASHDC
STOCKHOLM

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